

(4) The subject line of the email by which the appeal is transmitted shall include:

(a) The first and last name of the employee whose appeal is being filed; and

(b) The grievance issue or type of disciplinary action being appealed.

(5) The employer will send an email response to each appeal filed via email, which may be automatic, acknowledging receipt of the appeal and including the information from the subject line of the email by which the appeal is filed.

(6) The documentation required by §C of this regulation, and any other documentation being filed with the appeal, must be included in a single attachment to the email in PDF format.

(7) The Office, or any employer addressing an appeal at any step of the process, may use the email address from which an appeal is filed to deliver any notices, decisions, or other correspondence associated with the appeal to the party or representative filing the appeal.

[B.] C. (text unchanged)

.06 Notice of Settlement Conference.

A. The Office shall send written notice of a settlement conference to the parties by mail or facsimile, or by email pursuant to Regulation .04 of this chapter.

B. (text unchanged)

T. ELOISE FOSTER
Secretary of Budget and Management

Title 34 DEPARTMENT OF PLANNING

Subtitle 04 HISTORICAL AND CULTURAL PROGRAMS

34.04.07 Sustainable Communities Tax Credit Certifications

Authority: State Finance and Procurement Article, §5A-303, Annotated Code of Maryland

Notice of Proposed Action

[14-327-P]

The Secretary of Planning proposes to repeal existing Regulations .01 — .07 and adopt new Regulations .01 — .08 under COMAR 34.04.07 Sustainable Communities Tax Credit Certifications.

Statement of Purpose

The purpose of this action is to conform regulations to Ch. 601, Acts of 2014, which removed certain requirements and added options for small commercial projects to receive sustainable communities tax credit certifications.

Comparison to Federal Standards

There is no corresponding federal standard to this proposed action.

Estimate of Economic Impact

I. **Summary of Economic Impact.** The proposed regulations changes will implement the 2014 statutory changes that expand the eligible rehabilitation projects to include a new category of funding targeting the redevelopment of small commercial structures located in designated sustainable communities. This program is authorized to provide incentives equal to \$4,000,000 over the next 2 years and

effectively leverage an additional \$16,000,000 in private investment toward redevelopment projects that might not otherwise happen.

II. Types of Economic Impact.	Revenue (R+/R-)	Magnitude
	Expenditure (E+/E-)	
A. On issuing agency:	(R+)	Slight
B. On other State agencies:	NONE	
C. On local governments:	NONE	
	Benefit (+) Cost (-)	Magnitude
D. On regulated industries or trade groups:	NONE	
E. On other industries or trade groups:	NONE	
F. Direct and indirect effects on public:	(+)	Moderate

III. Assumptions. (Identified by Impact Letter and Number from Section II.)

A. Increase in fees paid.

F. Taxpayers will benefit from additional opportunities to earn tax credits for rehabilitation work.

Economic Impact on Small Businesses

The proposed action has a meaningful economic impact on small business. An analysis of this economic impact follows.

The proposed action has a meaningful economic impact on small business. The incentive is targeted to the revitalization of small commercial structures and is limited to projects with redevelopment costs under \$500,000 which will largely target the full \$4,000,000 in available tax credits to small businesses

Impact on Individuals with Disabilities

The proposed action has no impact on individuals with disabilities.

Opportunity for Public Comment

Comments may be sent to Collin Ingraham, Administrator, Preservation Financial Incentives, Maryland Historical Trust, 100 Community Place, Crownsville, MD 21032-2023, or call 410-514-7671, or email to Collin.Ingraham@maryland.gov, or fax to 410-987-4071. Comments will be accepted through December 15, 2014. A public hearing has not been scheduled.

.01 Scope.

This chapter establishes procedures for certification of sustainable communities rehabilitations by the Director of MHT. Certification of a sustainable communities rehabilitation is an eligibility requirement for a taxpayer to claim a sustainable communities tax credit.

.02 Definitions.

A. In this chapter, the following terms have the meanings indicated.

B. *Terms Defined.*

(1) "Act" means State Finance and Procurement Article, §5A-303, Annotated Code of Maryland.

(2) "Business entity" means:

(a) A person, as defined in State Finance and Procurement Article, §1-101(p), Annotated Code of Maryland, conducting or

operating a trade or business in the State that is subject to State income tax as defined in Tax-General Article, §10-101(n), Annotated Code of Maryland; or

(b) A nonprofit organization conducting or operating a business in the State that:

(i) Is registered to do business and in good standing with the Maryland State Department of Assessments and Taxation; and

(ii) Is exempt from taxation under §501(c)(3) of the federal Internal Revenue Code.

(3) "Certified heritage area" has the meaning stated in Financial Institutions Article, §13-1101, Annotated Code of Maryland.

(4) Certified Historic Structure.

(a) "Certified historic structure" means a structure that is located in the State and is:

(i) Listed on the National Register of Historic Places;

(ii) Designated as a historic property under local law and determined by the Director to be eligible for listing on the National Register of Historic Places;

(iii) Located in a historic district listed on the National Register of Historic Places, or in a local historic district that the Director determines is eligible for listing on the National Register of Historic Places, and certified by the Director as contributing to the significance of the district; or

(iv) Located in a certified heritage area and certified by the Maryland Heritage Areas Authority as contributing to the significance of the certified heritage area.

(b) "Certified historic structure" does not include a structure that is owned by the State, a political subdivision of the State, or the federal government.

(5) "Certified rehabilitation" means a completed rehabilitation of a certified historic structure that the Director certifies is a substantial rehabilitation in conformance with rehabilitation standards of the United States Secretary of the Interior.

(6) "Competitive commercial rehabilitation" means a rehabilitation of a certified historic structure, other than a rehabilitation of a single-family, owner-occupied residence, or a small commercial rehabilitation project, which is:

(a) Subject to a competitive rating and ranking process under the Program; and

(b) Not owner-occupied as a residence.

(7) "Criteria for Listing" means the Secretary of the Interior's Criteria for Listing in the National Register of Historic Places, 36 CFR §§60.3 and 60.4, as amended, or successor criteria.

(8) "Director" means the Director of the Maryland Historical Trust.

(9) "Disposition" means the transfer of legal title or, in the case of a leasehold, the leasehold interest, or any portions thereof in property, including a sale-and-leaseback transaction, a transfer on the foreclosure of a security interest, or a transfer by gift, but excluding a transfer title or the leasehold interest to a creditor on creation of a security interest lien, mortgage, or deed of trust.

(10) "Disqualifying work" means work that, if performed on a certified rehabilitation during the rehabilitation portion or during the recapture period, would have made the rehabilitation ineligible for certification.

(11) "Financial assistance" means action by the State or a State unit to award grants, loans, loan guarantees, tax benefits, or insurance to a public or private entity to finance, wholly or partly, a project that involves or may result in building construction, building alteration, or land disturbance.

(12) "High performance building" means a building that:

(a) Meets or exceeds the current version of the U.S. Green Building Council's Leadership in Energy and Environmental Design (LEED) green building rating system gold rating; or

(b) Achieves at least a comparable numeric rating according to a nationally recognized, accepted, and appropriate numeric sustainable development rating system, guideline, or standard approved by the Secretaries of Budget and Management and General Services.

(13) Historic Property.

(a) "Historic property" means a district, site, building, structure, monument, or object significant to:

(i) The prehistory or history of the State; or

(ii) The upland or underwater archeology, architecture, engineering, or culture of the State.

(b) "Historic property" includes related artifacts, records, and remains.

(14) "Initial credit certificate" means a certificate issued by the Director, at the time the Part 2 is approved, that grants a business entity a tax credit under the Act for a small commercial or competitive commercial rehabilitation.

(15) "Local historic district" means a district that the governing body of a county or municipal corporation, or the Mayor and City Council of Baltimore, has designated as historic under local law.

(16) "MHT" means the Maryland Historical Trust.

(17) "National register structure" means a structure that is:

(a) Listed on the National Register of Historic Places; or

(b) Located in a historic district listed on the National Register of Historic Places and certified by the Director as contributing to the significance of the district.

(18) "Political subdivision" means a county or municipal corporation of the State.

(19) "Program" means the Sustainable Communities Tax Credit Program established by the Act.

(20) "Qualified rehabilitation expenditure" means any amount that:

(a) Is properly chargeable to a capital account;

(b) Is expended in the rehabilitation of a structure that, by the end of the calendar year in which the certified rehabilitation is completed, is a certified historic structure;

(c) Is expended in compliance with a plan of proposed rehabilitation that has been approved by the Director; and

(d) Is not funded, financed, or otherwise reimbursed by any:

(i) State or local grant;

(ii) Grant made from the proceeds of tax-exempt bonds issued by the State, a political subdivision of the State, or an instrumentality of the State or of a political subdivision of the State;

(iii) State tax credit other than the tax credit provided for under the Act; or

(iv) Other financial assistance from the State or a political subdivision of the State, other than a loan that must be repaid at an interest rate that is greater than the interest rate on general obligation bonds issued by the State at the most recent bond sale prior to the time the loan is made.

(21) "Recapture period" means the taxable year in which the certified rehabilitation is completed or any of the 4 taxable years succeeding that taxable year, during which tax credits allowed under the Program may be recaptured in the event disqualifying work is performed, or disposal of the certified rehabilitation occurs.

(22) "Rehabilitation" means the process of returning a structure to a state of utility, through repair or alteration, which makes possible an efficient use while preserving those portions and features of the structure and its site and environment which make the structure and its site and environment historically, architecturally, or culturally significant, but excludes alteration which is primarily remodeling, landscaping, or items of interior décor.

(23) "Secretary" means the Secretary of Planning.

(24) "Single-family, owner-occupied residence" means:

(a) A structure or a portion of a structure occupied by the owner and the owner's immediate family as their primary or secondary residence;

(b) A residential unit in a cooperative project owned by or leased to a cooperative housing corporation, as defined in Corporations and Associations Article, §5-6B-01, Annotated Code of Maryland, and leased for exclusive occupancy to, and occupied by, a member of the corporation and the member's immediate family under a proprietary lease; or

(c) A small commercial rehabilitation project.

(25) "Small commercial rehabilitation" means the rehabilitation of a certified historic structure that is located in a designated sustainable community and, when placed in service upon completion of the rehabilitation:

(a) Is not solely a principal residence;

(b) Is primarily used for income-producing purposes; and

(c) For which no greater than 75 percent of the habitable interior portions of the structure are used for rental residential purposes.

(26) "Smart Growth Subcabinet" means the Smart Growth Subcabinet established under State Government Article, Title 9, Subtitle 14, Annotated Code of Maryland.

(27) "Standards for Certified Historic Structure Rehabilitation" means the Secretary of the Interior's Standards for Rehabilitation, 36 CFR §§67.7 and 67.6(b)(1)–(7), as amended, or successor standards.

(28) "Standards for Evaluating Significance" means the Secretary of the Interior's Standards for Evaluating Significance within Registered Historic Districts, 36 CFR §67.5, as amended, or successor standards.

(29) "State" means the State of Maryland.

(30) "State unit" has the meaning stated in State Government Article, §11-101, Annotated Code of Maryland.

(31) "Substantial rehabilitation" means rehabilitation of a structure for which the qualified rehabilitation expenditures, during the 24-month period selected by the taxpayer ending with or within the taxable year, exceed:

(a) For single-family, owner-occupied residential rehabilitations, \$5,000;

(b) For a small commercial rehabilitation, \$5,000; or

(c) For competitive commercial rehabilitations, the greater of:

(i) The adjusted basis of the structure, as determined under the provisions of Tax-General Article, Annotated Code of Maryland; or

(ii) \$25,000.

(32) "Sustainable community" has the meaning defined in Housing and Community Development Article, §6-201(l), Annotated Code of Maryland.

(33) "Tax Credit" means one of the following State income tax credits for the rehabilitation of real property:

(a) "Homeowner" tax credit for a single-family, owner-occupied residence, a one-time State income tax credit for single-family, owner occupied residential rehabilitations:

(i) Equal to 20 percent of qualified rehabilitation expenditures;

(ii) Capped at \$50,000 in a contiguous 24-month period; and

(iii) Requiring a minimum of \$5,000 of eligible expenses to qualify.

(b) "Small commercial" tax credit, a one-time State income tax credit for a small commercial rehabilitation located within a sustainable community:

(i) Equal to 20 percent of qualified rehabilitation expenditures;

(ii) Capped at \$50,000 in a contiguous 24-month period; and

(iii) For projects that have a minimum of \$5,000 and a maximum of \$500,000 in total qualified rehabilitation expenditures; and

(c) "Competitive commercial" tax credit, a one-time State income tax credit for a competitive commercial rehabilitation:

(i) Equal to 20 percent of qualified rehabilitation expenditures unless it is a high performance building;

(ii) Capped at \$3,000,000 worth of credits; and

(iii) For projects that have eligible expenses that exceed the greater of the adjusted basis value of the structure, as determined under the provisions of Tax-General Article, Annotated Code of Maryland, or \$25,000.

(34) "Taxpayer" means a business entity or individual that makes qualified rehabilitation expenditures.

(35) "Trust" means the Maryland Historical Trust.

.03 Certification of Structures as Certified Historic Structures (Part 1).

A. A taxpayer may request that a structure be certified by the Director as a certified historic structure by filing an application for certification with the Director. An application shall be filed on standard forms available from MHT. An incomplete application may not be processed until all required application information has been received.

B. The Director shall determine whether the structure for which a complete application is received meets the Criteria for Listing, or Standards for Evaluating Significance. If the structure meets the Criteria for Listing, or Standards for Evaluating Significance, the Director shall approve the application. If the structure does not meet the Criteria for Listing, or Standards for Evaluating Significance, the Director shall deny the application. The Director shall promptly send the applicant notice that the application has been approved or denied.

.04 Procedures for Application for and Review of Certifications of Eligibility of Certified Historic Structure Rehabilitations (Part 2).

A. A taxpayer may file an application with the Director requesting the Director to determine that a proposed substantial rehabilitation, if completed in accordance with the requirements of the Program, will qualify as a certified rehabilitation.

B. Applications shall be filed on standard forms available from MHT.

C. If the application is for a competitive commercial rehabilitation or a small commercial rehabilitation, the application shall request that the Director award the rehabilitation an initial tax credit certificate stating the maximum amount of credit for which the rehabilitation project may qualify.

D. In reviewing an application for certification of proposed rehabilitation projects, the Director shall determine whether the proposed substantial rehabilitation of a certified historic structure for which a complete application is received under §A of this regulation meets the Standards for Certified Historic Structure Rehabilitation, and:

(1) For a rehabilitation of a single family, owner-occupied residence, that the credit amount will not exceed \$50,000 in a contiguous 24-month period;

(2) For a small commercial rehabilitation, that the credit amount will not exceed \$50,000 in a contiguous 24-month period; or

(3) For a competitive commercial rehabilitation:

(a) Total credits for the rehabilitation do not exceed \$3,000,000;

(b) Whether the plans for rehabilitation rank competitively to qualify for an award of available credits;

(c) Whether the plans for rehabilitation will qualify the certified historic structure as a high performance building eligible for the additional 5 percent tax credit available for high performance rehabilitations; and

(d) That the rehabilitation will establish an external marker, or, at a minimum, an internal marker, that identifies that the rehabilitation was funded by the Program.

E. In reviewing applications for certification of proposed competitive commercial rehabilitations, the Director shall:

(1) Award initial credit certificates for available credits to those rehabilitations that rank competitively in the order that the rehabilitations meet the criteria of §G of this regulation; and

(2) Promptly send the applicant notice of the determination and any award of a competitive commercial rehabilitation initial credit certificate.

F. Applications for certification of competitive commercial rehabilitations shall include:

(1) Documentation that the applicant has received letters of intent for all project funding not included in the amount of the credit for which the rehabilitation may qualify; and

(2) If the applicant is not at the time of the application the fee-simple owner of the property to be rehabilitated:

(a) A written statement from the fee-simple owner of the property indicating that the owner is aware of the application and has no objection to the request for certification; and

(b) Evidence of ownership or site control of the property within 18 months of the Part 2 approval date.

G. Incomplete and Unacceptable Applications.

(1) An application may not be processed until all required application information has been received by MHT.

(2) An application received by MHT that does not include all required information, as determined by MHT, shall be deemed an incomplete application, and if required application information is not received by MHT within a reasonable time, as determined by MHT, the incomplete application shall be returned to the applicant.

(3) The Director may not accept an application if:

(a) At the time the application is received, any substantial part of the rehabilitation has begun unless the rehabilitation work for a competitive commercial rehabilitation has previously been approved under the federal historic tax credit;

(b) The plans for the rehabilitation do not provide for an external marker or, at least, an internal marker for the structure that identifies that the rehabilitation was funded in part by tax credits under the Program; or

(c) During the same year that the application is submitted the applicant has previously submitted three or more applications for competitive commercial rehabilitations that exceed \$500,000 in total qualified rehabilitation expenditures.

H. Applications for certification of competitive commercial rehabilitations shall be competitively ranked based on the following criteria:

(1) The extent to which the certified historic structure is:

(a) A rare example of an architectural style; or

(b) A structure designed by a noted architect;

(2) Whether the certified historic structure is:

(a) Protected by a historic preservation easement held by MHT; or

(b) Subject to preservation conditions or restrictions through a Memorandum of Understanding or Programmatic

Agreement with MHT or some other instrument acceptable in form and substance to MHT;

(3) Whether the certified historic structure is located:

(a) In a jurisdiction that has been historically underrepresented in the award of tax credits for commercial rehabilitation based on the number of National Register listed structures in each jurisdiction;

(b) In a sustainable community approved by the Smart Growth Subcabinet;

(c) In an area:

(i) Where the political subdivision has implemented regulatory streamlining or other development incentives that foster redevelopment and revitalization in priority funding areas, as defined in State Finance and Procurement Article, Title 5, Subtitle 7B, Annotated Code of Maryland, and has certified those regulatory streamlining or other development incentives to the Smart Growth Subcabinet; or

(ii) Targeted by the State for additional revitalization and economic development opportunities due to the focusing of State resources and incentives;

(4) Whether the rehabilitation project will include affordable and workforce housing options;

(5) Whether the rehabilitation is consistent with and advances current growth and development policies and programs of the State identified by the Director in consultation with the Secretary;

(6) If the certified historic structure is a certified historic structure, the extent to which the rehabilitation:

(a) Sustains the existing form, integrity, and material of the certified historic structure; or

(b) By removing later work or replacing missing earlier work, accurately recovers the form and details of the certified historic structure as it appeared at the period of time for which the structure is historically significant;

(7) The extent to which:

(a) Qualified rehabilitation expenditures for the rehabilitation will exceed the assessed value of the certified historic structure; and

(b) The need for rehabilitation of the certified historic structure is of an urgent or emergency nature; and

(8) Such other criteria as MHT may determine from time to time.

I. The Director may assign differing weights to the criteria set forth in §F of this regulation.

J. An initial credit certificate issued under this regulation for a competitive commercial rehabilitation shall expire, and the Director may not certify a competitive commercial rehabilitation as a certified historic structure rehabilitation, if:

(1) The applicant has not provided documentation that it is the fee-simple owner or has site control of the property evidenced by a qualifying long-term lease or other documentation satisfactory to the Director; or

(2) Within the 18 months after the initial credit certificate is issued, the applicant fails to notify MHT, in writing, that the rehabilitation has begun.

K. At any time before completion of a substantial rehabilitation, an applicant may amend an application submitted pursuant to §A of this regulation.

L. Fiscal Limitation on Rehabilitation Certifications.

(1) For any State fiscal year, the total credit amount of initial credit certificates for competitive commercial rehabilitations awarded by the Director to rehabilitations in a single county or Baltimore City may not exceed 60 percent of the credits available for award in that fiscal year, except that, if the aggregate credit amounts under initial credit certificates issued in the State fiscal year total less than the amount appropriated for that State fiscal year, any

excess amount may be issued under initial credit certificates for projects in any county or Baltimore City.

(2) For any State fiscal year, the credit amount of an initial credit certificate for a competitive commercial rehabilitation may not exceed the lesser of the maximum amount of qualified rehabilitation expenditures specified in the application for approval of plans for rehabilitation or \$3,000,000 for:

(a) The phased commercial rehabilitation of the same structure or property;

(b) The separate rehabilitation of different components of the same certified historic structure or property; and

(c) The rehabilitation of multiple certified historic structures that are functionally related to serve an overall purpose.

(3) The credit amount for a rehabilitation of a single-family, owner-occupied residence or small commercial project may not exceed \$50,000.

(4) The Director may not issue an initial credit certificate for a small commercial project after the aggregate amount of initial credit certificates issued for all small commercial projects under this Program totals \$4,000,000.

M. Administrative Fees.

(1) The Director may not accept an application for certification of:

(a) Rehabilitation of a single-family, owner-occupied residence or small commercial rehabilitation until the applicant pays an administrative fee of \$10; or

(b) A competitive commercial rehabilitation until the applicant pays an administrative fee of \$250.

(2) For a completed rehabilitation of a single-family, owner-occupied residence or small commercial rehabilitation, the Director may not approve an application for certification of a completed rehabilitation under Regulation .05 of this chapter until the applicant pays an administrative fee not to exceed 3 percent of the credit amount for which the rehabilitation would be eligible based on the greater of the estimated or actual qualified rehabilitation expenditures, less the \$10 fee previously paid.

(3) The Director may not issue an initial credit certificate until the applicant pays an administrative fee not to exceed 3 percent of the initial credit certificate award, less the \$250 fee previously paid, as described in the application or by public notice posted on the Trust's website. If the fee is not received by the Trust within 90 days after the Trust sends notice that the fee is due, any reservation of an award of an initial credit certificate for the rehabilitation shall expire and the Trust may not accept an application from the applicant for a commercial rehabilitation during the 3 fiscal years following the fiscal year in which the certificate expired for failure to pay the fee.

.05 Procedures for Certification of Completed Rehabilitation (Part 3).

A. Certification of Completed Rehabilitation.

(1) For any substantial rehabilitation certified under Regulation .04 of this chapter, the applicant may file an application with the Director requesting the Director to issue a certificate that a completed substantial rehabilitation of a certified historic structure is a certified rehabilitation.

(2) An application for certification of a completed substantial rehabilitation shall be filed on standard forms available from MHT. An incomplete application may not be processed until all required application information has been received.

(3) The Director may not certify a completed substantial rehabilitation if the applicant does not state under oath in the application the amount of the applicant's qualified rehabilitation expenditures.

B. Except for reasonable cause as determined by the Director, the Director may not certify a competitive commercial rehabilitation as a certified rehabilitation, if:

(1) The rehabilitation is not completed within 30 months after the initial credit certificate (Part 2) is issued; or

(2) The applicant does not submit to MHT a request for certification of the completed competitive commercial rehabilitation within 12 months after the expiration of:

(a) The initial credit certificate; or

(b) The date to which the Director postponed the expiration of the initial credit certificate, if applicable.

C. The MHT Director may postpone the expiration of the Part 2. Requests for expiration extensions shall be made in writing to the Director and shall cite a reasonable cause for the delay.

D. The Director shall determine whether an application for certification of a completed substantial rehabilitation meets the Standards for Certified Historic Structure Rehabilitation. The Director shall also determine whether a competitive commercial rehabilitation qualifies as a high performance building, and promptly send notice to the applicant of the determination. The Director may inspect a rehabilitation to determine whether the rehabilitation as completed meets the Standards or qualifies as a high performance building.

E. Applicants who have been approved for the additional 5 percent tax credit for high performance buildings shall file for the additional credit within 18 months from the completion of the rehabilitation or the remaining credits shall expire.

.06 Administrative Review.

A. An applicant whose application has been denied or approved with conditions by the Director or the Director's designee under Regulation .03, .04, or .05 of this chapter may file a written request for reconsideration with the Director within 30 days after the notice of disapproval or approval with conditions is sent.

B. The Director shall review the request for reconsideration within 60 days after receipt of the request. If the Director determines that the application filed under Regulation .03, .04, or .05 of this chapter meets the standards set forth in that regulation, the Director shall approve the application. If the Director determines that the application filed under Regulation .03, .04, or .05 of this chapter does not meet the standards set forth in that regulation, the Director shall deny the request for reconsideration or approve the request with conditions. The Director shall promptly notify the applicant of the Director's determination.

C. An applicant whose request for reconsideration has been denied or approved with conditions by the Director under §A or B of this regulation may file a written request for reconsideration with the Board of Trustees of MHT within 30 days after the notice of denial or approval with conditions is sent.

D. The request for reconsideration of the Director's action under §C of this regulation is deemed delegated to the Director for review and determination if:

(1) The request for reconsideration was filed without:

(a) An application for determination that the proposed substantial rehabilitation meets the Standards for Certified Historic Structure Rehabilitation; and

(b) Written determination from the Director or the Director's designee that the proposed substantial rehabilitation meets the Standards; or

(2) The substantial rehabilitation was substantially complete at the time the application for certification of the substantial rehabilitation was filed.

E. A request for reconsideration deemed delegated to the Director under §D of this regulation may be considered by the Director only if the request includes:

- (1) Information that the Director determines:
 - (a) Is relevant to the determination;
 - (b) Was not included in the application denied or approved with conditions; and
 - (c) May alter the determination; or
- (2) Substantial credible evidence that the process for review of applications under Regulation .03B, .04, or .05, of this chapter has not been followed, which the Director concludes may alter the determination.

F. The MHT Board of Trustees of shall review the request within 60 days after the receipt of the request. If the Board determines that the application filed under Regulation .03, .04, or .05 of this chapter meets the standards set forth in that regulation, the Board shall approve the application. If the Board determines that the application filed under Regulation .03, .04, or .05 of this chapter does not meet the standards set forth in that regulation, the Board shall deny the request for reconsideration or approve the request with conditions. The Director shall promptly notify the applicant of the Board's determination. The determination of the Board shall be final and not a contested case within the meaning of State Government Article, Title 10, Subtitle 2, Annotated Code of Maryland.

G. The MHT Board of Trustees may delegate to the Director any review and determination under this regulation.

.07 Determining Disqualifying Work, Recapture of Tax Credits.

A. Upon the request of the Comptroller, the Director shall determine whether any disqualifying work has occurred during a certified rehabilitation or during the recapture period that would make the rehabilitation ineligible for certification, and shall promptly notify the Comptroller.

B. Tax credit shall be recaptured if, during the rehabilitation certified under the Program or during the recapture period:

- (1) For competitive commercial and small commercial projects:
 - (a) Any disqualifying work is performed on the certified rehabilitation; or
 - (b) The disposition of the certified rehabilitation occurs; and
- (2) For a homeowner project if any disqualifying work is performed on the certified rehabilitation.

C. Tax credits shall be recaptured as follows:

- (1) If disqualifying work or disposition occurs during the taxable year in which the certified rehabilitation was completed, 100 percent of the tax credit shall be recaptured;
- (2) If disqualifying work or disposition occurs during the first full year after the taxable year in which the certified rehabilitation was completed, 80 percent of the credit shall be recaptured;
- (3) If disqualifying work or disposition occurs during the second full year after the taxable year in which the certified rehabilitation was completed, 60 percent of the credit shall be recaptured;
- (4) If disqualifying work or disposition occurs during the third full year after the taxable year in which the certified rehabilitation was completed, 40 percent of the credit shall be recaptured; or
- (5) If disqualifying work or disposition occurs during the fourth full year after the taxable year in which the certified rehabilitation was completed, 20 percent of the credit shall be recaptured.

D. The business entity that claimed the tax credit shall pay the recaptured amount of the tax credit as taxes payable to the State for the taxable year in which the disqualifying work or disposition occurred.

.08 General Provisions.

A. Program Administration.

(1) The Director's designee may take any action or make any decision required or permitted to be taken or made by the Director under this chapter.

(2) The Director may establish operational handbooks or manuals governing matters relating to administration of this chapter including descriptive statements of procedures which do not directly affect the rights of the public or procedures otherwise available to the public.

(3) The Program may adopt a handbook containing internal guidelines or policies related to the administration of the Program or establishing other requirements relating to the Program. The handbook shall be available for public examination at MHT or on MHT's website.

(4) An action or decision to be taken or permitted by the Director under the Act or these regulations may be delegated by the Director to a designee.

(5) Records for individual projects shall be retained by the applicant for 7 years from completion of the project or for 2 years from the date the recapture period ends.

(6) MHT makes no representation and accepts no responsibility as to any tax or other consequences to an entity, a person, an individual, or any other party arising out of the approval or certification, or allocation of credits for a project.

B. Waiver. The Secretary may waive or vary particular provisions of this chapter if:

(1) The waiver or variance is not inconsistent with the Act and other pertinent legal authorizations, if any;

(2) In a written determination of the Secretary, the application of a regulation in a specific case or in an emergency situation would be inequitable or contrary to the purposes of the Act; and

(3) The Office of the Attorney General approves the waiver for form and legal sufficiency.

C. False Statements. An applicant who knowingly makes or causes to be made a false statement that is material to an action taken by the Director or the Director's designee under this chapter is subject to revocation of any certifications under this chapter made in reliance on the false statement, and any other penalties applicable under the law.

RICHARD E. HALL
Secretary of Planning